

unregulated equipment.²³² With respect to uncollectibles, PacTel asserts that it affords the same treatment to the disputed charges of independent PSPs that purchase its third party billing services as it does for its own disputed charges.²³³ PacTel avers that other issues raised by ICSPC concerning PacTel's accounting treatment of uncollectibles relate directly to its cost allocation manuals, and that it will respond in CAM Revision proceedings.²³⁴ PacTel maintains that, as discussed above, it has met the technical requirements relating to interface functionality and technical characteristics.²³⁵

84. Section 276 specifically defines payphone service to include the provision of inmate telephone service in correctional institutions.²³⁶ In the Reconsideration Order, we clarified that the requirements of the Payphone Order apply to inmate payphones that were deregulated in an earlier order.²³⁷ Thus, PacTel is required to reclassify as unregulated assets all of its payphone assets related to its provision of ICS, with the exception of the loops connecting the inmate telephones to the network, the central office "coin service" used to provide the ICS, and the operator service facilities used to support the ICS.²³⁸ In addition,

²³² Id. at 36. PacTel represents in its CEI plan that all unregulated call control equipment used by its payphone operation is located on the customers' premises, except for Pacific Bell's Inmate Call Control Units ("ICCU's") which it has in central offices. PacTel states that Pacific Bell's ICCUs are located in central offices because LEC payphones traditionally were part of network service. It avers that "[a]ll our call control equipment, regardless of location, will interconnect to the network using the same tariffed service (i.e., COPT Service, including 1PF) at the same price as is available to independent PSPs for use with their call control equipment on customers' premises." PacTel CEI Plan at 11.

²³³ PacTel Reply at 37. Under its third party billing tariffs, PacTel seeks collection of the entire balance due from the billed party, including amounts billed on separate pages. Id. Independents who purchase its billing services can have PacTel investigate disputed charges on their behalf. In that case, PacTel undertakes the same investigation, and takes the same collection actions, as it does for its own disputed charges. Id. Alternatively, independent PSPs purchasing PacTel's billing service may also conduct their own investigation with support from PacTel's billing services group. Id.

²³⁴ Id. (noting that ICSPC raised the same issues in the CAM Revision proceedings).

²³⁵ Id. at 37-38 (noting that it interconnects inmate lines to its collocated unregulated equipment using the same technical interfaces as independent PSPs use to interconnect their unregulated equipment to inmate lines on the premises of correctional facilities).

²³⁶ 47 U.S.C. § 276(d).

²³⁷ Reconsideration Order at para. 131 (citing Petition for Declaratory Ruling by the Inmate Calling Services Providers Task Force, Declaratory Ruling, 11 FCC Rcd 7362, 7373 (rel. Feb. 20, 1996) (Inmate Service Order); Petitions for Waiver and Partial Reconsideration or Stay of Inmate-Only Payphones Declaratory Ruling, Order, 11 FCC Rcd 8013 (Com. Car. Bur. 1996)).

²³⁸ See Payphone Order at paras. 157, 159.

PacTel is required to offer on a tariffed basis any basic payphone service or network feature used to provide ICS.²³⁹

85. We conclude that PacTel's CEI plan comports with our CEI requirements with respect to its provision of ICS. PacTel represents that the underlying network services used to interconnect its ICS are available on a tariffed basis to all PSPs under the same terms, prices, and conditions.²⁴⁰ Although we agree with ICSPC that any call processing and call control equipment related to PacTel's provision of ICS must be reclassified as nonregulated, regardless of whether that equipment is located in a customer premises or a PacTel central office,²⁴¹ PacTel represents that it has done so. We find no support in the Payphone Order or in the Reconsideration Order for ICSPC's contention that PacTel is required to provide collect calling as a nonregulated service when used with inmate payphones.

86. We conclude that the other issues raised by ICSPC related to the provision of ICS either have already been addressed in this Order or are beyond the scope of this proceeding. We find no requirement in the Commission's rules, and ICSPC has cited no authority, that obligates PacTel to allow the collocation of nonaffiliated providers' call processing and call control equipment in a central office. As previously noted, the issue of the treatment of uncollectibles will be addressed in the review of PacTel's CAM. Finally, with regard to the disclosure of interface information, we concluded above that PacTel's CEI plan comports with the Commission's network information disclosure requirements.

9. Primary Interexchange Carrier Selection

87. Oncor asserts that in order for PacTel's CEI plan to comply with the "spirit" of the Commission's CEI requirements, the plan must address various issues concerning the payphone PIC selection process.²⁴² AT&T also asserts that PacTel's CEI plan should describe how PacTel will ensure that the PIC selection process for payphones will be performed on a

²³⁹ See Payphone Order at paras. 146-49; Reconsideration Order at paras. 162-63.

²⁴⁰ PacTel Reply at 35.

²⁴¹ Payphone Order at paras. 157, 159. See also Inmate Service Order, 11 FCC Rcd at 7373.

²⁴² Oncor Comments at 5. According to Oncor, PacTel should have described: (1) how it will manage the payphone PIC selection and order implementation process; (2) how it will ensure that all PIC orders obtained pursuant to PacTel agreements with location owners will be handled on a nondiscriminatory basis, and that all valid PIC orders and location provider agreements will be honored and will not be subject to interference by PacTel or anyone else; (3) how its marketing personnel will be trained and supervised to ensure that they do not misrepresent PacTel's role in the payphone PIC selection process; and (4) how its personnel involved in the PIC ordering and implementation processes will be trained and supervised to ensure that they do not "interfere" with the sales and marketing of interexchange services from payphones. Id.

nondiscriminatory basis.²⁴³ PacTel responds that AT&T's and Oncor's comments concerning PIC selection are not relevant to this proceeding.²⁴⁴

88. We conclude that PacTel is not required, as part of the CEI process, to demonstrate how it will administer the PIC selection process for payphones. In the Payphone Order, the Commission specified that a BOC's CEI plan must describe how it will conform to the CEI parameters with respect to the specific payphone services it intends to offer and how it will unbundle those basic payphone services.²⁴⁵ The payphone rulemaking proceeding did not, however, require the BOCs to describe how they will administer the PIC selection process in their CEI plans, as argued by AT&T and Oncor. Therefore, arguments raised by parties regarding PacTel's role as PIC administrator are beyond the scope of this proceeding.

10. Subscriber-Selected Call Rating

89. APCC and CPA contend that, in order to meet the Commission's CEI requirements, PacTel must provide a coin line service that allows independent PSPs to set their own end user rates for local and intraLATA calls, as well as to establish the length of initial and overtime periods.²⁴⁶ They therefore request the Commission to require PacTel to develop a more flexible rating feature for its coin line service.²⁴⁷ PacTel responds that this same request was made by the parties in the Payphone Proceeding, and that the Commission declined to adopt it.²⁴⁸ In addition, PacTel argues that, "[b]y offering the same COPT coin line service, including the same call rating functionality, to other PSPs as we provide to our own, we have met the CEI plan requirement."²⁴⁹

90. We find that the Payphone Order did not require the BOCs to provide to independent PSPs an unbundled call rating feature for coin line services.²⁵⁰ In addition, on

²⁴³ AT&T Comments at 3.

²⁴⁴ See PacTel Reply at 31.

²⁴⁵ Payphone Order at paras. 203-04.

²⁴⁶ APCC Comments at 12. See also CPA Comments at 10. APCC argues that, permitting PacTel to offer a coin line service that forces its subscribers to price payphone calls at PacTel's set rates would be contrary to the purpose of section 276 of promoting payphone competition, and would permit PacTel to discriminate in favor of its payphone division. APCC Comments at 10-11.

²⁴⁷ CPA Comments at 10; APCC Comments at 12.

²⁴⁸ PacTel Reply at 9.

²⁴⁹ Id.

²⁵⁰ Payphone Order at paras. 146-48. See also Reconsideration Order at para. 165.

reconsideration of the Payphone Order, in response to a request that the Commission require access to, inter alia, call rating capabilities,²⁵¹ the Commission specifically declined to require further unbundling of payphone services beyond those established in the Payphone Order.²⁵² As previously noted, independent PSPs may seek additional unbundling through the 120 day ONA process, and state regulatory commissions may impose further unbundling requirements.

11. Selection of Operator Services Provider

91. APCC requests that the Commission require PacTel to unbundle operator services from its coin line service so that PSPs may select the operator service provider (OSP) for intraLATA calls.²⁵³ APCC argues that, under section 276, PSPs are entitled to select the OSP for intraLATA calls, including local, operator-assisted calls, and therefore that, to the extent PacTel does not permit OSP selection for its coin line service, its CEI plan is inconsistent with section 276.²⁵⁴ We concur with PacTel that APCC's request is beyond the scope of this proceeding,²⁵⁵ which is limited to determining whether PacTel's CEI plan complies with the Commission's Computer III CEI requirements.²⁵⁶

12. Billing and Collection and Coin Refund Services

92. CPA and SDPA request that, to the extent PubCom is allowed to use PacTel's billing and collection services, the Commission require PacTel to offer nondiscriminatory access to such services to independent PSPs.²⁵⁷ We reject CPA's and SDPA's request. In the

²⁵¹ On reconsideration, the New Jersey Payphone Association requested that the Commission require access to call rating capabilities, answer supervision, call tracking, joint marketing, installation and maintenance, and billing and collection. See Reconsideration Order at para. 155

²⁵² Reconsideration Order at para. 165.

²⁵³ APCC Comments at 12. APCC notes that, while PacTel states that PSPs can select the OSP for intraLATA calls with its COPT Service (Basic) service, PacTel's CEI plan is silent with respect to OSP selection for its coin line service. Id. (citing PacTel CEI Plan at 4).

²⁵⁴ Id.

²⁵⁵ See PacTel Reply at 10.

²⁵⁶ We note that, as PacTel states, PubCom will be provided the same COPT coin line service, including the same operator service, as is available to other PSPs. See PacTel Reply at 11. If independent PSPs seek a different arrangement, they may request it through the 120 day ONA process.

²⁵⁷ CPA Comments at 8; SDPA Comments at 4 (arguing that PubCom's preferential access to the LEC's accounting, and billing and collection systems, and call completion data, should be discontinued). CPA also requests that the Commission require PacTel to impute to PubCom the tariffed rates for the billing and collection services its LEC operations provide on PubCom's behalf. CPA Comments at 8. CPA adds that, if PacTel cannot make the same billing elements it provides to PubCom available on an unbundled, nondiscriminatory

Payphone Order, the Commission concluded that a LEC must provide billing and collection services provided to its own payphone operations to independent PSPs on a nondiscriminatory basis only if the LEC "provides basic, tariffed payphone services that will only function in conjunction with billing and collection services from the LEC."²⁵⁸ On reconsideration, the Commission reaffirmed this conclusion, stating that "[w]e decline to require access to unregulated services, such as installation and maintenance of unregulated CPE, and billing and collection (beyond the requirement established in the Report and Order)."²⁵⁹ Because the basic payphone services offered by PacTel do not require PacTel's billing and collection to function,²⁶⁰ PacTel may provide billing and collection services on behalf of its payphone operations, without providing such services to third parties in the same manner, so long as PacTel properly accounts for the unregulated use.²⁶¹

93. CPA also requests the Commission to require PacTel to offer independent PSPs an equivalent coin refund service, including providing credits on PacTel subscriber bills, to that provided on behalf of PubCom.²⁶² We reject CPA's request. PacTel states that, beginning April 15, 1997, its operators will handle calls from end users seeking refunds from PubCom payphones in the same way that they handle calls for refunds from other PSPs'

basis, PacTel must charge PubCom a premium for use of them, because it claims that all basic network capabilities used by its own service divisions, including billing capabilities, must be offered to competitors. CPA Comments at 8-9 (citing Computer III, 104 FCC 2d at 1040). See also CPA April 11 Ex Parte (arguing that "the principle of Comparably Efficient Interconnection should mandate that if Pacific Bell chooses to make its billing envelope available to PubCom [for marketing materials relating to payphones] it should also make its billing envelope available for marketing materials of competing payphone service providers").

²⁵⁸ Payphone Order at para. 149. The Commission stated that this requirement would apply, for example, in situations in which coin services require the LEC to monitor coin deposits and such information is not otherwise available to third parties for billing and collection. Id.

²⁵⁹ Reconsideration Order at para. 166 (noting that services the Commission has deregulated are available on a competitive basis and do not have to be provided by LECs as the only source of services).

²⁶⁰ Policy Division March 20 Ex Parte (noting that other PSPs can perform their own billing and collection services, purchase those services from a third party, or purchase them from PacTel through its third party billing tariff).

²⁶¹ See PacTel Reply at 18. CPA contends that it is unaware of any provision in Pacific Bell's CAM for the assignment of any portion of billing costs to PubCom. We note, however, that customer billing costs are located in account 6623, and product advertising costs are primarily found in account 6613 of Pacific Bell's CAM, and that Pacific Bell's CAM reflects cost pools to allocate such costs between regulated and nonregulated activities, which include the nonregulated activities of PubCom.

²⁶² CPA Comments at 6-7. CPA claims that PacTel currently responds to requests for refunds by offering: (1) to provide a free call from the payphone; (2) to send a check for the amount of the coin deposit to the caller; or (3) to provide a credit on the caller's monthly bill for local service. Id. CPA claims that once PacTel has separated its LEC operations from PubCom, PubCom could not provide credits on customer bills without the active participation by the LEC.

payphones: they will refer callers to signs posted on payphone equipment for the number to call for refunds.²⁶³ Nothing more is required by the Payphone Order. In addition, we agree with PacTel that billing services are not subject to CEI or payphone proceeding nondiscrimination requirements.²⁶⁴ Thus, PubCom's use of Pactel's billing services²⁶⁵ to provide coin refunds through credits on customer bills is consistent with the requirements of the Payphone Order. We note that PacTel must, of course, properly account for PubCom's use of such services.

13. Interim Compensation Scheme

94. Telco argues that apart from the numerous deficiencies in PacTel's CEI plan, the Commission should refrain from allowing PacTel or any BOC to participate in the interim compensation scheme outlined in the Payphone Order.²⁶⁶ We find that this argument is beyond the scope of this CEI review proceeding. Moreover, the interim compensation rules were addressed at length in the payphone rulemaking proceeding.²⁶⁷

14. Semi-Public Payphone Service Issues

95. Finally, APCC maintains that, to the extent that PacTel's payphone operations continue to offer "semi-public-like" payphone service that involves charging location providers for lines and usage of their payphones, PacTel must disclose how such service will

²⁶³ PacTel Reply at 20. According to PacTel, Pacific Bell has operator services contracts with five independent LECs, pursuant to which Pacific Bell periodically forwards to such LECs the names and telephone numbers of the LECs' payphone customers who call Pacific Bell's operators for coin refunds. PacTel represents that, on March 31, 1997, Pacific Bell sent notices to these LECs informing them that this service will be eliminated on June 1, 1997. Thus, according to PacTel, effective June 1, 1997, Pacific Bell will apply the same payphone refund process to these LECs as is applicable to Pacific Bell's and Nevada Bell's PSPs and to other PSPs. Policy Division April 1 Ex Parte.

²⁶⁴ See PacTel Reply at 20. See also Detariffing of Billing and Collection Services, CC Docket No. 85-88, Report and Order, 102 FCC 2d 1150 (1986); Filing and Review of Open Network Architecture Plans, CC Docket No. 88-2, Phase I, Memorandum Opinion and Order, 4 FCC Rcd 1, 59 (1988); Filing and Review of Open Network Architecture Plans, CC Docket No. 88-2, Phase I, Memorandum Opinion and Order on Reconsideration, 5 FCC Rcd 3084, 3088 (1990) (refusing to require BOCs to provide billing and collection services to ESPs, because "[a]t present ESPs are generally able to bill their subscribers without our mandating that BOCs perform such services for them"); Payphone Order at para. 149; Reconsideration Order at para. 166.

²⁶⁵ After April 15, PubCom customers will still be able to request a credit on their monthly phone bill if they are PacTel subscribers. PacTel Reply at 20 (noting that Nevada Bell customers have the option of call completion or a refund via a pre-paid calling card).

²⁶⁶ Telco Comments at 4-7.

²⁶⁷ See e.g. Reconsideration Order at para. 114-15 (describing the interim compensation mechanism adopted in the Payphone Order).

be supported by its network operations and how charges for the service will be treated on the subscriber's bill.²⁶⁸ We find these semi-public payphone service issues to be beyond the scope of the CEI review process.

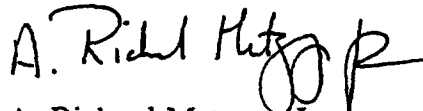
V. CONCLUSION

96. We conclude that PacTel's CEI plan complies with the Computer III requirements, contingent upon the effectiveness of its state tariffs for payphone services. Accordingly, in this Order, we approve PacTel's CEI plan to offer Basic Payphone Service, as described herein.

VI. ORDERING CLAUSE

97. IT IS HEREBY ORDERED that, pursuant to Sections 1, 4(i) and (j), 201, 202, 203, 205, 218, 222, 276 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i) and (j), 201, 202, 203, 205, 218, 222, and 276 and authority delegated thereunder pursuant to Sections 0.91, 0.291, and 1.3 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, and 1.3, PacTel's Comparably Efficient Interconnection Plan for the Provision of Basic Payphone Service IS APPROVED, subject to the requirements and conditions discussed herein.

Federal Communications Commission



A. Richard Metzger, Jr.

Deputy Chief, Common Carrier Bureau

²⁶⁸ APCC Comments at 25.



A Pacific Telesis Company

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April 14, 1997

A. J. (April) Rodewald
General Counsel &
External Affairs
Vice President

Public Service Commission
727 Fairview Drive
Carson City, Nevada 89710

Re: Advice No. 1778, Docket No. 97-1038
In Re Filing by Nevada Bell for Filing of Tariff Revisions
in Compliance with the Federal Telecommunications Act of
1996 for Pay Telephone Reclassification

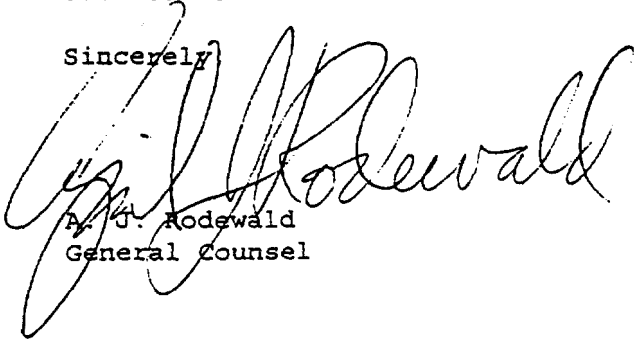
On April 4, 1997 the Federal Communications Commission ("FCC") adopted a third Order in CC Docket 96-128, In re Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996. This Order clarifies that the FCC requires that the intrastate payphone service tariffs be cost based consistent with the FCC's new services test as established in the Order on Reconsideration, paragraph 163, footnote 492.

Nevada Bell filed new intrastate COPTs and CPICs access lines with this Commission in compliance with cost support methodologies accepted by this Commission. The rates for these new service options were approved on April 14, 1997.

Nevada Bell believes that the tariffed rates filed in PSCN Docket No. 97-3010 are cost-based in compliance with the FCC's new services test. We will provide this Commission with the appropriate FCC cost support for these new services in the near future.

Questions concerning this matter may be directed to MaryAnn Slayton at 333-4037 or to me at 333-3138.

Sincerely,



A. J. Rodewald
General Counsel

NEVADA  BELL,

A Pacific Telesis Company

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May 19, 1997

A. J. (April) Rodewald
General Counsel &
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Vice President

Public Service Commission
727 Fairview Drive
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Re: Advice No. 1778, Docket No. 97-1038
In Re Filing by Nevada Bell for Filing of Tariff
Revisions in Compliance with the Federal
Telecommunications Act of 1996 for Pay Telephone
Reclassification

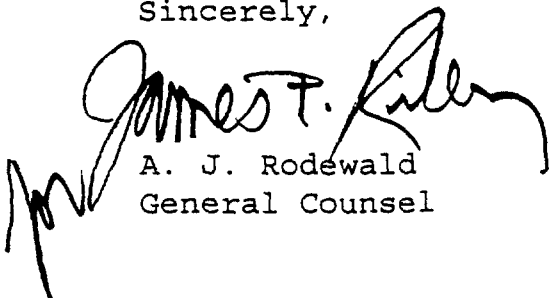
On April 14, 1997, Nevada Bell advised the Commission that the Federal Communications Commission ("FCC") had issued a third Order in CC Docket 96-128, on April 4, 1997. That Order requires Nevada Bell to provide this Commission with an additional cost analysis on the intrastate COPTs and CPICs payphone access line services for which this Commission approved rates on April 14, 1997.

Nevada Bell has completed the FCC "new services test" analysis of the nine new COPTs and one new CPICs access lines services and has provided the cost study to the Commission under separate proprietary cover.

There is no further action required by the Commission, as the costs and rates for new COPTs and CPICs access lines are the same as those previously reviewed and approved by the Commission.

Questions concerning this matter may be directed to MaryAnn Slayton at 333-4037 or me at 333-3138.

Sincerely,



A. J. Rodewald
General Counsel